



**Request for City Council Committee Action
From the City Attorney's Office**

Date: February 3, 2014
To: Ways & Means/Budget Committee
Referral to:

Subject: Selection of Bond Counsel

Recommendation:

That the City Council authorize the proper City Officials to enter into three-year legal services agreements with Kennedy & Graven to provide bond counsel services for general obligation debt financings and Gray Plant Mooty to provide bond counsel services for limited tax-supported, common bond fund financings to the City of Minneapolis; and that the City Council authorize the proper City Officials to establish a legal services panel of law firms to serve as bond counsel for various conduit/revenue bonds issued to finance private housing and economic development projects.

Prepared by: Susan L. Segal, City Attorney Phone: (612) 673-3272

Approved by: *Susan L. Segal* *Kevin D. Carpenter*
Susan L. Segal Kevin D. Carpenter
City Attorney Chief Financial Officer

Presenter in Committee: _____

Financial Impact (Check those that apply)

- ☐ No financial impact –or- Action is within current department budget.
(If checked, go directly to Background/Supporting Information).
☐ Action requires an appropriation increase to the Capital Budget.
☐ Action requires an appropriation increase to the Operating Budget.
☐ Action provides increased revenue for appropriation increase.
☐ Action requires use of contingency or reserves.
☐ Business Plan: ☐ Action is within the plan. ☐ Action requires a change to plan.
☒ Other financial impact (Explain): Contractual Agreement; Fees paid from bond proceeds
☐ Request provided to the Budget Office when provided to the Committee Coordinator.

Background/Supporting Information

Since 2001 the City has used a request for proposal (RFP) process to select bond counsel for the City's general obligation financings. The current general bond counsel contract expired on December 31, 2013. The City issued a new RFP for various bond counsel services on October 30, 2013. The RFP was originally published electronically. An addendum was published and sent to Twin Cities' law firms listed in the Directory of Municipal Bond Attorneys or as otherwise directed by the Finance Department. To be listed in this directory, it is necessary to have issued one qualifying bond opinion.

For the first time, the City subdivided the RFP into three segments of bond counsel service. The City indicated that it wished to retain one firm to serve as general obligation bond counsel. The City also indicated its need to retain one firm to serve as bond counsel for the City's limited tax-supported "Common Bond Fund". Finally, the City indicated its intention to establish a panel of qualified firms to represent the City as bond counsel for conduit/revenue bonds whereby the City's tax exemption as issuer benefits the private borrower responsible for the underlying project financed by the bonds to be repaid by the private borrower.

The City assembled an evaluation committee consisting of the Chief Financial Officer and three members of the Finance Department, a representative from the Department of Community Planning and Economic Development (CPED) and a representative of the City Attorneys' Office. The evaluation committee also obtained additional comments from both the CPED Economic Development and Policy and Housing Development and Policy divisions.

Three firms expressed interest to serve the City as general bond counsel. Three firms sought to be appointed bond counsel for the Common Bond Fund. Seven firms asked to be placed on the limited tax-supported Conduit Revenue Bond Counsel Panel.

Recommendations

The evaluation committee recommends that the City Council authorize:

- (1) The proper City Officials to negotiate and enter into a three-year legal services agreement in amount not to exceed \$300,000 with Kennedy & Graven, Chartered to serve as general bond counsel; and
- (2) The proper City Officials to negotiate and enter into a three-year legal services agreement in an amount not to exceed \$100,000 with Gray Plant Mooty to serve as bond counsel for the limited tax-supported Common Bond Fund; and
- (3) The establishment of a Conduit Revenue Bond Counsel Panel comprised of the following firms:
 - (a) Briggs & Morgan, PA
 - (b) Dorsey & Whitney
 - (c) Faegre, Baker Daniels
 - (d) Gray Plant Mooty
 - (e) Kennedy & Graven, Chartered
 - (f) Kutak Rock
 - (g) McGrann Shea Carnival Straughn & Lamb.

Additionally, the Finance Officer and City Attorney recommend that the City Council authorize the City Attorney to hire firms not represented on the Conduit Revenue Bond Panel from time to time for bond issues that require the unique skills of law firms not found on the Panel, to avoid conflicts of interest, to satisfy underwriting criteria, or as otherwise determined to be in the best interest of the City.